

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE CORPORATION
WEDNESDAY 9 JULY 2014**

1. CORPORATION DEVELOPMENT SESSION

A presentation was received on the College Three-Year Plan.

After summarising the context to and objectives within the Plan there was discussion:

- 1.1 Of the over-riding rationale of the Plan and its two primary objectives, for the College to return to financial viability to become an outstanding provider, acknowledging the second objective as an essential requirement of the first and endorsing the justification for a multi-faceted strategy where growth or cost reduction could not be the only driver and exist in isolation from the other.
- 1.2 Of the key detail, features of and actions contained within the Plan for the delivery of these objectives, for outcomes based on a prudent and realistic plan to bring to fruition income growth and/or replacement through a curriculum development strategy, focused on maximising both agency and non-agency funding via key business opportunities informed by national priorities for the sector and local, sub regional and regional labour market intelligence.
- 1.3 In the context of the key risks outlined and local competition, of the extent to which capacity in respect of staff resourcing would impact both on future learner numbers and staff recruitment. Noting that to date there had been no such indications, the need for the appropriate balance of qualified and experienced staff was acknowledged and it was agreed that the matter would be kept under review and an update provided at the autumn term meeting.

After observing the objectives to be consistent with the College's values and noting and endorsing proposals for the College mission to be reviewed on that basis, it was **RESOLVED** to:

- 1.4 **APPROVE** the College Three-Year Plan.

2. PRELIMINARY PROCEDURAL MATTERS

2.1 Attendance, Apologies for Absence, Welcome & Introductions

Membership: Yvette Adu-Mante
Nick Davies (Chair)
Mark Eastwood
Tony Medhurst
Kanwal Munir
Steve Owen
Ketan Sheth
Mumtaz Van Der Vord
Elizabeth Warriner
Antonio Weiss

In attendance: Judith Abbott
Pat Carvalho
Jayne Chaplin (Clerk)

Apologies: Tracey Critchley
Sandra Ernstoff
Sachin Shah

2.2 Chair's & Clerk's Announcements

The Chair advised members that it was the final meeting for the two student governors. The Chair extended the Corporation's thanks, for such active participation and their respective support and contributions during time as Board Members and wished them well for the future.

2.4 Declarations of Interest & Confidential Items

Declarations of Interest were received from:

2.4.1 Antonio Weiss in his capacity as a Councillor of Harrow Council.

2.4.2 Steve Owen as an employee of Barclays Bank

2.5 Minutes of the Corporation Meetings, 26 March 2014 & Matters Arising

The Minutes of the Corporation Meeting held on 26 March 2014 were agreed as a correct record and signed by the Chair.

There was no Matters Arising.

3. ITEMS REQUIRING FORMAL APPROVAL OR ADOPTION

3.1 Summary of & recommendations from the Resources Committee, 18/06/14

An overview of the business of the meetings was presented noting those items appearing elsewhere on the agenda for information and reviewing the recommendations regarding the main items of business:

3.1a May 2014 Management Accounts (inc. Learner Number & Sub-contractor Status)

The Management Accounts and update on Learner Numbers and Sub-contractors for the period ending May 2014 were received along with an update on further subsequent developments.

It was reported that the income and expenditure account for year to date May 2014 showed a surplus of £287k, representing £1,988k better than year to date original budget.

Advising members of the key variances attributed to timing differences and summarising the various the detail underpinning the report, confirmation was welcomed that the College appeared on track to finish the year in-line with the predicted out-turn of £(1,867)k, approximately £813k better than original budget of £(2,680)k.

The report was noted.

3.1b 2014/15 Draft Budget & Financial Forecast 2014-17

The 2014/15 Draft Budget and three-year Financial Forecast 2014-17 were presented.

Members were advised of:

- A proposed budget for 2014/15 of £(100)k, in contrast and representing an improvement a £250k improvement on the £(350)k originally anticipated and reported in March 2014.
- The Three-year Financial Forecast, reflecting the growth plan recently submitted to the SFA and including all known funding changes, noting that it did not assume any significant changes to its income streams compared with current year and showed income projected to grow to £21.7 million in 2014/15 and £22.8 million in 2015/16 before reducing slightly to £22.3 million in 2016/17.

Reviewing the rationale and assumptions underpinning the budget and the Three year Financial Forecast There was particular discussion of:

- The 2014/15 budget acknowledging and commending management on the scale of the achievement in-year both in managing and reducing costs in order to propose and improved budget for the year. There was consideration of the funding settlements and key variances noting that whilst staffing costs had been increased in line with income the sector average targeted ratio of 64% of income would still be achieved.
- Three-year Financial Forecast, acknowledging that the challenges remaining were not to be underestimated. In response to questioning, it was confirmed that where income growth was projected, it was underpinned by operational plans to deliver in excess of the amount included in the financial plan. Noting the out-turn projected to fall back to £650k in 2016/17 with both the ERDF project and ESOL Mandated funding end in 2015/16 members were advised of the College's plans to secure other projects to fill this gap, the prudent approach taken was acknowledged, for any substantial income from unknown sources not to be included at this stage.
- The likelihood of the College breaching its bank loan covenant in the context of current and on-going discussions regarding financial support and noting that new covenants were anticipated as part of the re-negotiations.

After further consideration and thanking management for all the work involved, it was **RESOLVED** to **APPROVE**:

- The Draft Budget 2014/15 and the three-year Financial Forecast 2014-17

3.1c Draft Capital Budget 2014/15

The draft capital budget was presented.

Reporting for the budget to be capped at £250k for 2014/15, and provisionally for 2015/16 and 2016/17 the budget detail was reviewed noting:

- Proposals for the budget to cover essential need whilst facilitating financial recovery, all reflected in the three year cash flow and in the College's request to the Bank for funding; but
- Recognising additional cost risks associated with the Enterprise Centre, an internal target had been set to under-spend the budget by £100k per year in order to partially fund any over-spends incurred.

On the recommendation of the Resources Committee, it was **RESOLVED** to:

- **APPROVE** the Draft Capital Budget 2014/15

3.1d Financial Regulations and Procedures

A report was received outlining proposed amendments to the College Financial Regulations and Procedures, Tuition Fees and Refunds Policy that had been reviewed by the Resources Committee

The amendments were summarised and on the recommendation of the Resources Committee it was **RESOLVED**:

- To **APPROVE** the updated Financial Regulations & Procedures.

3.1e Fees Policy

Further to the report originally presented to the December 2013 meeting, an update was received proposing for the College fees policy to remain unchanged from the draft originally presented.

After discussion and on the recommendation of the Resources Committee it was **RESOLVED** to:

- **APPROVE** the Refunds & Fees Policy.

3.2 Summary of & recommendations from the Property Committee Meeting, 18/06/14

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.2a Harrow on the Hill Projects – Business Enterprise Centre & Laboratory Refurbishment

Prepared by Project Managers, AA Projects, the Highlight Reports for the Business Enterprise Centre and Laboratory Refurbishment Projects were presented along with an oral update on further subsequent developments.

Progress was summarised. The developments with Business Enterprise Centre were reviewed discussing in particular:

- Project costs, noting that whilst initially and substantially over target, circa £8 million versus target £6 million excluding VAT, subsequent meetings and Value Engineering exercises had resulted in a confirmed commitment to construction costs of £6.5 million (excluding VAT), excluding five risk areas. It was reported that once agreement was reached regarding costs all significant risk would have been transferred with Project costs then fixed aside from any 'client initiated changes'.
- The implications of the Value Engineering for the overall design noting that a pragmatic focus on items to be taken forward would achieve an affordable solution, which had included the relocation of the Plant Room, with some loss of useable space, and the fitting out of the third floor at a later stage.

There was then further consideration of the most significant of the developments and their potential implications:

- Noting that of the five risk areas excluded from the construction costs four were considered to be minor and unlikely to have much impact on cost. Discussing the remaining risk, concerning issues newly discovered relating to the existing foundations, members were advised that structural engineers were exploring options to mitigate any possible additional requirements and to establish the extent of any anticipated cost.
- Including the possibility of changes in project costs arising from 'client initiated changes' noting that entirely within the College's control, any further changes would be resisted by its treatment as a turnkey project. Members were advised however that with retrofit at a later stage likely to be more expensive, provision was being made within the Project time-line to allow for the College to review its position should funds permit and at an agreed fixed cost not included in the £6.5 million.
- Reviewing the likelihood of completion of the Project within the already challenging timescales, particularly in the context of the newly raised issue concerning existing foundations. In response to questioning members were advised that to mitigate the position demolition work on the nib of Armstrong Building had been authorised ahead of finalising the construction costs to ensure the handing back of the building ahead of the Autumn Term. Acknowledging that if the new building did not then proceed the work on Armstrong would have been unnecessary; members were advised that this had been judged to be low risk.
- Discussing, in the context of the Project costs, contractor performance and the concern expressed by the College project managers of the contractors apparent lack of proactivity in tackling costs. In response to questioning it was confirmed that the meeting with the project managers had subsequently resulted in the commitment to construction costs.

Following discussion, the report was noted.

3.2b Harrow Weald – LLDD Building Project

The Highlight Reports for the LLDD Building project was received along with an oral update on developments following circulation of the papers.

Progress was summarised. Noting developments there was particular review of:

- Project costs, reporting that contractor's Stage 2 costings of the original design indicated potential build costs of £2.8-£2.9 million, compared with the target of £1.7 million. Members were advised that the College could not offset an over-spend of this magnitude and that AA Projects were meeting with the contractor to establish the feasibility of getting costs back in line with target.
- Design delivery noting that the main issue of attention to date had concerned planning following notification from the Harrow Council planning department of concerns with the College application. Advising members during the meeting of a positive outcome, the granting of planning approval was welcomed.
- Project timescales noting that whilst completion by the timescales remained challenging and reviewing project costings may delay the time-line, the building will need to be ready

for occupancy by September 2015 with arrangements in place to ensure all grant funding is committed by March 2015.

- Contractor Performance noting, in the event that the contractor could not establish costs back in-line with target, contingency plans in place for them to be de-sourced as the Project contractor and a new contractor engaged. Advising of the work done in anticipation, in response to questioning it was confirmed that having not committed any funds this would be straightforward to do; and that a contract value considerably below the OJEU threshold for works negated the need for an associated tender process or use of a compliant framework.

The report was noted.

3.3 Report on and recommendations from the Curriculum, Quality & Standards Committee Meeting, 11/06/14

An overview of the business of the meetings was presented, welcoming the focus of the Committee's Development on proposals for becoming outstanding.

The substantive items for consideration presented:

3.3a Summer Term Update: Targets & Year-End Predictions

A report was presented summarising progress against target in respect of strategic objectives 2 and 3.

It was reported that:

- Whilst there were some pleasing progress in terms of predictions, attendance and observations by areas, in the context of learner voice survey feedback caution was necessary with the possibility of not representing the full picture with up to a possible third of returns missing.
- Remained concerns regarding English and Maths GCSE high grade achievement.

The report was noted.

3.3b Curriculum Strategy: Update Report

A report was presented updating members on progress with the College's Curriculum Planning and Development Strategy.

The report was noted.

3.3c Safeguarding Learners: Update Report

The Safeguarding Learners Update Report was noted.

3.4 Minutes of and recommendations from the Audit Committee Meetings, 7/05/14 & 23/06/14

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.4a 2013/14 Audit Plan: Internal Audit Reports

A report was received summarising the overall outcomes and assurance levels of the reviews undertaken in accordance with the audit plan for the year, all of which members were advised had been the subject of review by the Audit Committee.

The report was noted.

3.4b Audit Arrangements: Appointment & Tendering of Audit Services

Following the decision for the College to retender its internal audit service with a view to the entering into of a new contract commencing August 2014 for years 2014/15 to 2016/17, with the option to extend for a further 2 years, a report was presented summarising the outcome and the Audit Committee's recommendation regarding the appointment of the internal and outlining proposals regarding the re-tender of the external audit service.

On the recommendation of the Audit Committee, it was **RESOLVED** to **APPROVE**:

- The appointment of TIAA Ltd as the College's internal auditors commencing on 1 August 2014 for an initial period of 3 years with the option to extend for 2 further years beyond this; and
- Proposals for market testing of the External Audit Service contract during the 2014/15 academic year

3.4c Internal Audit Strategy & Plan for 2014/15

The Internal Audit Strategy and Plan for 2014/15 was presented.

Noting that it had been the subject of review by the Audit Committee, and on its recommendation, it was **RESOLVED** to:

- **APPROVE** the Internal Audit Strategy and Plan for 2014/15

4 ITEMS FOR INFORMATION ONLY

4.1 Other Committee Minutes

4.1a Search & Development Committee Meeting, 18/06/14

An overview of the business of the meetings was presented and noted.

4.1a Minutes and Items of Note from the Learner Voice Committee, 14/05/14

An overview of the business of the meetings was presented and noted.

4.2 Clerk's Update

The Clerks' report was received updating members on the latest national governance developments and the Corporation's performance against its targets for the year to date summarised in the Governance Development Plan.

The report was reviewed, observing in particular the most recent letter from the FE Commissioner summarising his findings and observations following the most recent monitoring visits to FE Colleges.

The report was noted.

5. PRINCIPAL'S REPORT

5.1 Principal's Report & College Development Plan

The Principal's Report and the Development Plan for the year was received.

After reviewing progress in the implementation of the the Development Plan the Report was considered, noting national and local policy developments and in particular in respect of the later, the implications for the College of the Council's plans to relocate the Pupil Referral Unit (PRU) and the need for the Local Authority to engage in constructive dialogues towards a meaningful solution; and progress with the College's international activity.

Following discussion, the report was noted.

6. OTHER BUSINESS, MEETING EVALUATION & DATE OF NEXT MEETING

6.1 Any Other Business

There was none.

6.2 Date of Next Meeting

Corporation Meeting, Wednesday 15 October 2014

6.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.